

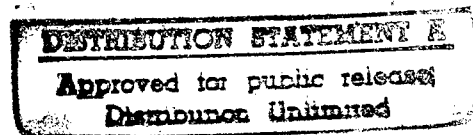
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22 August 1984

# China Report

ECONOMIC AFFAIRS



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22 August 1984

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PROVINCIAL AFFAIRS

REPORT ON CONTINUED DEVELOPMENT IN SHANDONG'S NATIONAL ECONOMY

Jinan DAZHONG RIBAO in Chinese 22 Apr 84 p 1

[Report: "Vice Governor Li Zhen [2621 2182] Points Out in Government Work Report: National Economy of Shandong Continued To Develop Last Year, An Encouraging New Situation Appeared on All Fronts"]

[Text] In his government work report to the Second Session of the 6th Provincial People's Congress, Vice Governor Li Zhen pointed out that 1983 was the first year of "comprehensively initiating the new situation of socialist modernization" put forward by the 12th Party Congress. Under the leadership of the Party Central Committee, the State Council and the CPC Shandong Provincial Party Committee, the people's government at all levels has led the broad masses of cadres and people in the whole province to become involved in the implementation of the spirit of the 12th Party Congress, earnestly carry out the various decisions of the First Session of the 6th National and Provincial People's Congresses, continue to readjust the national economy with focus on economic construction, actively promote reforms in different areas, vigorously increase economic results, extensively launch the campaign of "five stresses, four points of beauty and three ardent love," sternly crack down on all kinds of criminal elements and crack down on serious economic criminal activities. Consequently, heartening results have been obtained in building socialist material civilization and spiritual civilization and all tasks have a new development, giving rise to an encouraging new situation.

Comrade Li Zhen said that in the past year new records have been made in industrial and agricultural production and the national income of the whole province. The gross industrial and agricultural output value reached 66.6 billion yuan, a 12 percent increase over last year. National income is estimated at 34.7 billion yuan, a 9.8 percent increase. Bumper harvests in agriculture were comprehensive with a gross output value of 26 billion yuan or an increase of 15.4 percent. Total grain output was 54 billion jin representing an increase of 5.6 billion jin; total output of peanuts was 30 million dan or an increase of 2 million dan; gross income in the diversified economy was 19 billion yuan or an increase of 3 billion yuan. The gross industrial output value was 40.56 billion yuan or an increase of 10.4 percent over last year, making it the year with the highest growth rate since 1979. Increases varied for the output of energy,

important raw materials and primary textile products. Capital construction in the system of ownership by the whole people completed 2.48 billion yuan in investment, 27 large and medium-sized projects, and basically completed the year's plan. Not counting enterprises assigned by the Party Central Committee, revenue amounted to 5.04 billion yuan and according to fixed requirements the increase was 10.5 percent, achieving balance in expenditure and revenue with some surplus under the conditions of continued increase in expenditure. The total volume of social commodity retail provincewide was 20.39 billion yuan or an increase of 14.4 percent; the total value of purchase of export commodities was 3.71 billion yuan or an increase of 5.9 percent; and the total value of export was U.S. \$1.8 billion yuan or an increase of 9 percent. There was new development in education, science, culture, hygiene, sports, news, television broadcasting, publishing and other undertakings. In 1983, the number of students attending institutions of higher education increased by 3,500 over last year. Development was rapid in vocational secondary schools, technical secondary schools, urban vocational middle schools and agri-technical middle schools. The number of students attending them has reached 38 percent of the number of senior middle school students. There have also been new improvements in the operation of ordinary primary schools. The rate of children entering schools at school age has reached 96.6 percent and 36 counties (municipalities, districts) have basically popularized primary school education. Scientific research has progressed rapidly. Last year the province as a whole made 975 key scientific and technological achievements, tackled 17 key problems and obtained 7 state invention awards. Cultural facilities continued to increase in towns and villages and medical treatment has improved. In the province as a whole 82 new theaters and cinemas, over 1,500 movie units and 2,300 hospital beds have been added. Local disease prevention made major progress, making Shandong the first province in China to have basically eliminated filariasis. Planned parenthood has scored tangible results. The natural rate of population increase in the province as a whole has dropped from 12.2 per 1,000 last year to 7.4 per 1,000, which is lower than the control target specified in the 6th Five-year Plan.

Comrade Li Zhen said that in 1983 economic and social development in Shandong had the 6 following characteristics: (1) The rural economy is at a historical turning point; commodity production flourishes. (2) The guiding ideology of industrial production is gradually being corrected, production and profit tax are increasing accordingly. (3) The concept of "taking the whole country into account" has been further strengthened, key construction of the state makes fast progress and is of good quality. (4) The circulation system of "three more one less" is being formed, town and village markets are prospering day by day. (5) Intellectual development has received attention, educational, scientific and technological undertakings have made new successes. (6) The income of people in towns and villages continues to increase and there are new changes in the structure of consumer demands.

Comrade Li Zhen said that the 6th Five-year Plan of Shandong's national economy and social development has been carried out for 3 years. Due to the efforts of the broad masses of cadres and people in the whole province, industrial and agricultural production have had sustained growth and some targets have been realized 2 years in advance. According to the investigation of the 6th Five-year Plan approved by the Provincial People's Congress, the 1985 targets in national income, gross agricultural output value, afforestation area and the output of main agricultural products including grain, cotton, flue-cured tobacco and fruit have been realized 2 years in advance. Of the 90 key industrial products checked by the state the output of 39 products including crude oil, steel products, synthetic ammonia, automobiles, small tractors, machine-made paper and matches have met the demands of the 1985 plan 2 years in advance. Under the conditions of the period of readjustment of the national economy and relative shortage of funds and materials, such rapid development of provincewide economic construction and social undertakings and such good conditions in carrying out the Sixth Five-year Plan are the results of the correct leadership by the Party Central Committee and the State Council, the results of the diligent labor and hard work of the broad masses of workers, peasants, intellectuals and cadres at all levels throughout the province, and the results of the active support of the units stationed by the PLA in Shandong.

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CSO: 4006/543



## ECONOMIC DEVELOPMENT ZONES

### DEVELOPMENT CORPORATION SET UP FOR COASTAL CITIES

OW250942 Beijing XINHUA in English 0747 GMT 25 Jul 84

[Text] Beijing, 25 Jul (XINHUA)--An economic and technical development corporation was inaugurated here yesterday to provide services for China's 14 newly opened coastal cities, four special economic zones and Hainan Island.

The Chinese Economic and Technical Development Corporation for open coastal cities was founded by the China Science and Technology Consultant Service Center, and local science and technology associations.

The new corporation will help draw up economic development plans and make feasibility studies for imports of major projects.

It will render consultancy and technical services for the introduction of foreign funds, technology and equipment, the development of new products, and the upgrading of industrial technology and equipment. It will also provide economic and technology information and train personnel.

The 14 coastal cities, which are to offer preferential treatment to overseas investors, include Dalian, Tianjin, Qingdao, Shanghai, Fuzhou and Guangzhou.

Three of the four special economic zones, where special policies are being adopted to attract overseas investment, are in Guangdong Province, and one is in Fujian Province.

CSO: 4020/165

## ECONOMIC DEVELOPMENT ZONES

### CHINA BANKS GROUP URGE TIES WITH NEWLY OPENED CITIES

OW211620 Beijing XINHUA in English 1607 GMT 21 Jul 84

[Text] Hong Kong, 21 Jul (XINHUA)--The China banks group of Hong Kong and Macao will give more loans for cooperation projects in Chinese coastal cities and special economic zones.

This is in response to the Chinese Government's decision in April this year to open 14 port cities and Hainan Island to overseas investors on a larger scale, said an official of the Hong Kong-Macao regional office of the Bank of China.

Development measures include:

--encouraging foreign and overseas Chinese investors to start compensation trade, processing and assembling with supplied materials and parts with Chinese enterprises and undertake construction projects.

--granting loans to Chinese enterprises for tourism facilities, energy and industrial projects and harbors.

--joint investment with foreign and overseas Chinese business people in construction projects in inland China, and in investment corporations servicing Chinese construction projects.

--the group will provide the Bank of China or other authorized banking services with foreign exchange.

Contacts may assume various forms, the official said, including branch or representative offices in special economic zones, or liaison offices in port cities.

The measures follow study tours of the 14 coastal cities, Hainan Island and the four special economic zones in Guangdong and Fujian provinces by the 15 banks of the group.

CSO: 4020/165

## ECONOMIC DEVELOPMENT ZONES

### BRIEFS

DALIAN ECONOMIC DEVELOPMENT ZONE MEETING--After a 4-day session, the appraisal meeting on making an overall plan for the Dalian Economic and Technological Development Zone ended in Dalian on 1 July. Attending the meeting were 54 specialists, professors, engineers, and technicians from 38 planning and designing, municipal engineering, postal and telecommunications, marine environmental protection, and garden geography colleges, universities, and research institutes of 10 provinces and municipalities. During the session, they set forth many valuable opinions and suggestions on making an overall plan for the Dalian Economic and Technological Development Zone. [Text] [SK030058 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 2 Jul 84]

LONGZHU DEVELOPMENT COMPANY FORMED--The Shantou Special Economic Zone Development Company and the Zhengda International Investment Company have jointly formed the Longzhu Development Company. The company plans to become involved in developing land, running various kinds of enterprises, importing advanced technology and equipment, and building condominiums(shang pin zhu zhai [0794 0756 0145 1341]). [Text] [Guangzhou YANGCHENG WANBAO in Chinese 8 Jun 84 p 2]

DALIAN NEW INTERNATIONAL HOTEL--Dalian, 14 Jul (XINHUA)--Dalian, a port city in northeast China, is to build a new international hotel to make up with its growing economic and technical cooperation with foreign countries. The new hotel, which is scheduled to be completed by the end of 1986, is an 18-year joint venture between two Dalian companies and their two Hong Kong partners. A contract about the 12-million-U.S.-dollar project was signed between the two sides Friday. The two Hong Kong partners are the Express Construction Co Ltd and the Express Transport and Building Contractors Ltd which will make 40 percent of the investment, according to the contract. Dalian is one of the 14 coastal cities the Chinese Government has decided to open wider to the rest of the world. Covering a total floor space of 18,000 square meters, the hotel will have 250 rooms, Chinese, Western and Japanese restaurants and sauna in addition to international telephone, telegram and telex services. [Text] [OW140947 Beijing XINHUA in English 0856 GMT 14 Jul 84]

CSO: 4020/165

## ECONOMIC MANAGEMENT

### SHANDONG ADOPTS MEASURES TO IMPROVE ECONOMIC RESULTS

Beijing RENMIN RIBAO in Chinese 21 Apr 84 p 1

[Report by Gu Jianpeng [7357 1696 7720]: "Link Up with Reality To Implement the Spirit of the National Economic Work Conference; Shandong Adopts Strong Measures To Improve Economic Results"]

[Editor's Note] The Shandong provincial party committee links up with reality to implement the spirit of the National Economic Work Conference and has put forward measures to further initiate a new situation to improve economic results this year. Comrades of the Party Central Committee have pointed out that the spirit of the leading comrades of Shandong is good and that the measures they propose are solid; this year's business will be easier to handle if other provinces, municipalities and autonomous regions do likewise.

[Text] Through studying and discussing the spirit of the National Work Conference, the Standing Committee of the CPC Shandong Provincial Party Committee linked up with reality and proposed that we must further initiate a new situation to improve economic results. They have determined that in 1984 the goal the whole province should struggle after is: ensuring that the gross industrial output value will be increased by 5 percent and striving to surpass it, increasing the delivery profits of industry by 9.96 percent and increasing revenue by 8.1 percent.

They have decided to adopt the following measures:

1. Increase the ideological understanding of economic management cadres at all levels. Industry, commerce, foreign trade and capital construction departments must be clear about the thinking that centers on improving economic results, and at the same time they must stress saving up "reserve strength" and ensure sustained growth of production and continued improvement of results during the period of "July 5." They must actively welcome the new technological revolution and stress the utilization of new technological achievements.

2. Vigorously organize industrial production. We must work hard to organize increased production of products which are in short supply. We must enthusiastically develop new products and pioneer new industrial production. We must pay attention to small commodity production which is closely linked to the people's livelihood. In heavy industry we must increase production by economizing on energy.

3. Further enliven commodity circulation. We must arrange urban and rural markets well, try every means to organize the sources of goods and provide the cities and countryside with more marketable products. We must do a good job in reforming the system of circulation.

4. Earnestly stress the task of making up deficits and increasing profits of enterprises. This year we must exert particular efforts on increasing profits.

5. Continue to do a good job in the task of comprehensive consolidation of enterprises. In the industrial, capital construction, communications and transportation systems, a total of 70 percent of the enterprises must complete the task of consolidation this year. In the commerce, agricultural forest, aquatic product, material and publishing systems, 60 to 70 percent of the enterprises must be checked and qualified. Key enterprises which are big and medium-sized must all be consolidated and qualify. Leadership groups of enterprises which are under the county or a higher level must complete their consolidation by the end of June. Those which have been regulated should conduct a general reexamination in the first half of the year.

6. Vigorously promote technological advance. We must vigorously do a good job in developing and using microcomputers as well as other electronic technology.

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CSO: 4006/543

## ENERGY

### BRIEFS

HYDROELECTRIC STATIONS BRING PROSPERITY--Guangzhou, 29 July (XINHUA)--Small hydroelectric power stations are helping to bring prosperity to a hilly county in central Guangdong Province. Among the first group of 100 Chinese counties experimenting with such power schemes, Longmen in the south China province had built 169 small hydroelectric power stations by the end of March, with a combined generating capacity of 35,800 kilowatts, averaging 143 watts per capita. The power is being supplied to 97 percent of townships and villages. Electricity is used in irrigation, farm produce processing and township industries. Peasant households can also use electricity for cooking and lighting. The county's industrial and agricultural output was worth 130 million yuan (about 60 million U.S. dollars) last year, a 74.5 percent increase over 1978. The average per capita income rose from 93 yuan in 1978 to 372 yuan in 1983. Industries, including building materials, foodstuffs, arts and crafts, ceramics and chemicals, have been set up. In Tiegang District, 1,200 peasants have bought electric motors to process bamboo, abundant in the locality, to make furniture and articles for daily use. In the early 1960s, however, the county had only one small food-processing workshop. The county has also built television program relay stations. Evening schools and cultural facilities have sprung up in villages. Apart from seven county invested power stations with state subsidies, all funds were raised by local government organs, enterprises, state farms and individuals, and there are plans to expand electricity production further over the next few years. [Text] [OW290846 Beijing XINHUA in English 0835 GMT 29 Jul 84]

CSO: 4010/123

## INDUSTRY

### DEVELOPMENT OF AUTOMATIC INSTRUMENTATION IN CHINA

Beijing ZIDONGHUA XUEBAO /ACTA AUTOMATICA SINICA/ in Chinese No 2, 1984, pp 192-194

/Article by Ma Shaomei /7456 1421 2734/, Chongqing Institute of Industrial Automation and Instrumentation: "Developing Automated Technical Tools in Line with National Circumstances (How To Develop Automation Technology in Line With China's National Circumstances)"

/Text/ I. The Development Process and Characteristics of Automated Technical Tools

Automation technology and automated technical tools are an indispensable part of various modernized equipment, an important method for technological transformation of old enterprises, and effective means for saving energy, improving economic results, realizing safe production and improving work efficiency.

The forces promoting the development of automated tools are the constant demand for automation in industry, communications, scientific research, national defense and society. The conditions that promote replacement by automated tools are the constant appearance of new technology, the constant renewal of components and materials, and the constant transformation of the structure of industrial technology and the constant development of control theory. The development of automated tools can be divided into the following four stages:

The first stage, in the thirties and forties, suited the demands of production at that time and the implementation of on-the-spot decentralized control, using mechanical design technology and classic control theory to develop self-supporting and base instruments and structurally simple feedback circuits to achieve the goal of stabilizing industrial technology and lowering depletion.

The second stage, in the fifties and sixties, suited the pattern of growth and interconnectedness of the production process and scientific experimentation and the demands for centralizing control, using electronic, penumatic, and digital technology and classic control theory to develop

instruments consisting of single elements, as well as centralized monitoring and control devices to construct general automated systems and partial specialized systems in order to achieve the goal of stabilizing industrial technology, centralizing operations, and improving product quality.

The third stage, in the sixties and seventies, suited the demands of departments to improve economic results and work efficiency, to implement optimum control and managerial automation, to use computer technology and modern theory to develop industrial control computer systems, and to form such specialized and high level systems as multivariable control, selective control, coordinated control, self-adjusting control and optimum control in order to achieve the goal of conserving resources and energy, implementing safe operation, and obtaining optimal economic results.

The fourth stage, since the middle seventies, suited the demands of modernized industry, communications, scientific research, and national defense systems implementing comprehensive automation and overall automation, using microprocessors, microcomputers, industrial control devices and large system theory to form comprehensive systems and multilevel systems of new automation technological tools, in order to increase the integration, sophistication, and systematization of automated tools.

In development, automation technology tools took on the following characteristics:

1) Highly concentrated technology, interpenetration of many disciplines and technologies, and comprehensive development; 2) rapid development of technology, constant emergence of new technology, new industrial techniques, new products, and a shorter and shorter cycle of product replacement; 3) complex conditions on application sites and long periods of operation that demand high stability, reliability and adaptability to environment; 4) variety of control objects and changeability that require automated tools to be flexible and developed in sets; 5) complex product scale and close relations between products that require standardization, seriation, and commonality of work, unified planning and coordinated development.

## II. Basic Technology for Priority Development

To promote the development of automated tools, priority should be placed on developing the following basic technologies in combination with national circumstances:

1) Monitoring technology. Monitoring instruments are tools which receive information; monitoring technology is the basic technology which uses monitoring instruments. At the present time we should place the emphasis on development of semiconductor materials and such monitoring devices as



diffused silicon, thermopiles, lasers, heat pipes and optical fibres to promote the manufacture of solid state, digital, high-precision monitoring instruments and sensing elements that are increasingly sophisticated.

2) Connection technology. Connection technology is the basic technology for information exchange and priority should be placed on research in signal standardization, precise transfer between numerous signals, transmission of signals over long distances, developing general purpose standard interfaces and data paths. Priority should now be placed on developing high-precision, low-cost transducers, asynchronous time-division multiple information transmission technology, and optical fibre data transmission systems.

3) Man-machine interaction technology. So that the operator can supervise the system and influence it, at present priority should be placed on developing screen display technology, standard keyboards, Chinese character input/output equipment, and natural information (such as language) discrimination systems. Use of the principles of the liquid crystal display for realizing color screen displays should also be actively explored.

4) Computer technology. The technology for utilizing simulation technology for arithmetic and calculus operations in ordinary systems has already matured. For special systems and high level systems, such functions as using digital technology for high speed operations, complex operation, optimum control, coordinated control, accident forecasting and managerial automation are now under vigorous development. The development of microelectronic devices and software resources are two key areas which should be developed now.

5) System technology. A system is an organic entity which is made up of certain interconnected elements in a certain environment to achieve a specified goal. Defining system goals, researching system structure, probing the techniques of developing system design and defining system parameters, and ensuring stability and reliability of system operation are all important parts of system technology. Automation tools themselves are frequently complete systems that require the use of system technology to guide their development.

### III. Principles and Policies of Developing Automated Tools

The basic principle of developing automated tools should be to mobilize forces in all areas to launch a coordinated attack, to thoroughly implement the ideology of professionally complete, technologically comprehensive, coordinated development, and to establish a system, and under the principle that the whole nation is a chess game, to be uniform but not overly rigid, flexible but not chaotic, and to create a new situation in the development of automated tools for supplying the automation of industrial production and the sectors of the national economy with modernized equipment.

1) Unify planning, coordinate development and establish an automation instrumentation system with a Chinese character. This system, including ordinary automated instruments, centralized control devices, industrial control computers and necessary equipment, is made up of products from many series and observes unified stipulations in such areas as information exchange between different series, structural measurements, external style, performance standards and system structure. Through connection technology, system technology, software technology and technological standards it forms an organic whole and by using it to flexibly build automated systems of various kinds and degrees of complexity (general systems, special systems, high level systems) carries out such functions as automatic monitoring, display, computation, regulation, control, and management. For this reason, technological policies, general proposals, series specifications, and standardized stipulations that conform to national circumstances should be formulated.

2) Normal automated instruments are basic tools for carrying out automation of production processes, and on the new technological foundation, performance should be improved, products developed, and costs lowered. Using international standards we must strictly demand, check and implement a system of issuing permits and a policy of pricing according to quality with high prices for high quality goods. Digitized monitoring devices suited for use with computers should be developed, as well as measuring devices that resist corrosion, are secure against explosion, tolerate a marine environment and extremely limited parameters (super high temperature, extremely low temperatures, super high pressure, micro-pressure, especially large flow, and minute flow). Sleeve valves, eccentric revolving valves, folded plate valves, low noise valves, digital regulator valves, and smart regulator valves are among executing devices that should be developed to resolve such problems as powerful corrosion, high temperature, high pressure, and loud noises. To adapt to the demands of the technological transformation of China's medium and small enterprises and to save energy it is necessary to develop a set of new automated instruments which are simple, inexpensive and reliable.

3) Developing microcomputer applications and developing industrial control computer systems should receive especially high consideration. Microprocessors used in monitoring instruments can perform such functions as non-linear correction, error compensation, reading conversion, and cumulative averaging. When used in materials testing machines, electronic track scales, optical instruments, analytical instruments, and plotters, they can perform such functions as digital processing and sequential control; when used in regulation and control instruments they can perform such special functions as feedforward, over-relaxation, and pure delay compensation and such higher level functions as self-optimization, self-adapting control, and smart simulation. Industrial control computer systems include the main computer, processing channels and man-machine interaction equipment. Complementary devices,

including data paths, system software and applications software and decentralized industrial control microcomputer systems are a further development of industrial control computers. On this foundation in recent years independent multiple loop controllers and single loop controller smart regulators have been developed. Selection of microcomputers and industrial control computers should adopt the best international series, opt for software compatibility, and place priority on applications and the development of applications software. In combination with national circumstances, we should develop process channel and man-machine interaction technology, undertake typical applications software research and design, and import foreign advanced technology and conscientiously digest, absorb and as quickly as possible get it into domestic production.

4) A series of new automation tools may be derived from the engineering of control theory and its pattern of routinization, and increased applicability. For example, utilizing new uncoupling methods and model simplification can lower the cost of uncoupling functions, while introducing three uncoupling network functions to the foundation of a regulator makes an uncoupling regulator. The Lubang /7627 2761/ regulator which was designed using the calm methods and observation methods of modern control theory is a self-adapting regulator which can compensate for disturbances and variations in object parameters. The intermittent regulator that was designed using sequence control methods and preload methods of control theory has gradually become an important technical tool in continuous or batch production processes in medicine, chemical engineering and machine building. In addition, extreme value regulators, quasi-rapid optimum regulators, sampling regulators, retard compensation ratio controllers, and prefeed regulators are all the result of the routinization and broadened applicability of control theory, while some are also the joint product of modern control theory and microcomputers.

5) Developing automation tools according to the ideas of systematization and deriving products by the system, and promoting completion by engineering and viewing quality by results is also an important policy. The important characteristics of modernized equipment are that it is large-scale, high-speed, highly efficient and works continuously is made up of many parts, the parts are closely connected, and the relationships are complex, requiring the implementation of coordinated control and optimum control as well as automated management. If systematized methods are not used in overall design, if automated tools are not developed according to the principles of systematization, and if an integral overall plan and rational arrangements are not devised for the control object, automated control, electrical transmission, managerial control, and the information flow used to control the flow of matter, then modernized equipment cannot work normally. In addition, system design and technical service should be actively developed, new service areas constantly opened, and the ability to accept contracts for

automation engineering must improve to serve urban construction, communications and transportation, water conservancy engineering, and maritime development, and to serve the design, testing, operation, and management of automation.

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CSO: 4013/174

## INDUSTRY

### SHANDONG'S TOWNSHIP ENTERPRISES INCREASE REVENUE

Jinan DAZONG RIBAO in Chinese 13 Apr 84 p 1

[Report by Wang Yuzhang [3769 5940 4545]: "Township Enterprises in 37 Counties (Districts) of Shandong Last Year Exceeded 100 Million Yuan in Gross Revenue"]

[Text] In 1983, township enterprises in 37 counties (districts) of Shandong exceeded 100 million yuan in gross revenue. Of these, 9 counties (districts) exceeded 200 million yuan and the 3 counties of Laoshan, Rongcheng, and Yexian topped 300 million yuan.

Township enterprises of these counties (districts) develop relatively fast mainly because the party committees and governments of these counties (districts) have stressed the development of township enterprises as a strategic measure to realize the quadrupling of agricultural output value, conscientiously strengthened leadership, earnestly readjusted the trades within township enterprises as well as the distribution and composition of products, and given play to the role of superior local conditions and broadened the avenues of production so that they develop more healthily and rationally. In consolidating and strengthening enterprise management they stressed the training of qualified persons and promoted technological advancement thereby improving the quality of enterprises and economic results. At the same time, all counties (districts) have carried out and perfected the responsibility system of management contracts, reformed the management system, overcome the equalitarianism of eating out of the big pot and truly mobilized the enthusiasm of both the collective and the individual. Besides, all departments concerned have mediated in production, supply and marketing channels, actively done a good job in providing service to production, the grassroots level and the masses, and gradually suited the needs of developing commodity production.

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CSO: 4006/543

## INDUSTRY

### SHANDONG'S PRODUCTION IN FIRST QUARTER OF 1984

Jinan DAZHONG RIBAO in Chinese 14 Apr 84 p 1

[Report: "Shandong's Industrial and Communications Production in the First Quarter Yields Good Results; Production, Profit Tax and Revenue Increase in Step"]

[Text] Good results have been obtained in production and economic results on Shandong's industrial and communications front in the first quarter. Compared with the same period last year, gross industrial output value increased by 12.7 percent and the gross output value in March broke the highest monthly production record. Increases in textile, first light industry, electronics, pharmaceutical and other trades as well as the Shengli Oilfield and Qilu Petrochemical Corporation were above 10 percent. For the first time in the last two years the growth rate of light industry surpassed heavy industry.

In the first quarter energy production steadily increased. Coal output in the province as a whole surpassed the quota by 497,000 tons, electric power generation increased by 11 percent, and the production of crude oil and natural gas also had large increases. Light textiles, the electronics industry, name brand and good quality products and commodities in short supply had relatively large increases in output. Of these, the production of Jinlu brand bicycles increased by 9.4 percent, television sets 66.9 percent and refrigerators 2.7 times. The output of chemical fertilizers, pesticides, small tractors, water pumps and diesel engines had large increases.

The guiding ideology of industrial and communications production has been further corrected, promoting relatively great improvement in economic results. In the provincial budget, the profits of state-operated enterprises increased by 19.2 percent and profit tax by 12 percent thereby realizing simultaneous increases in production, profit tax and revenue.

9586

CSO: 4006/543

## INDUSTRY

### BRIEFS

GUANGZHOU INDUSTRIAL MACHINERY EXHIBITION--Guangzhou, 26 July (XINHUA)--An exhibition of light industrial machinery and products from Hong Kong and a dozen overseas countries opened in Guangzhou today. The exhibition, which runs until Sunday, is sponsored by a Hong Kong firm, and features more than 1,000 exhibits of advanced light industrial machinery and products. These include electronic products, electrical appliances for household and commercial use, meters and instruments, packaging machines and materials and printing equipment, as well as garments, wrist watches and computers. They have been produced by nearly 100 businesses in Hong Kong and abroad. [Text] [OW262034 Beijing XINHUA in English 1445 GMT 26 Jul 84]

CHEMICAL TRADE COMBINE INAUGURATED--Shenyang, 17 July (XINHUA)--China's first chemical industry-trade combine opened here today at Shenyang. The Songliao Chemicals Trade Joint-Stock Company was formed by the Dongbei (Northeast) Supply and Marketing Corporation of the Ministry of Chemical Industry and Chemical Enterprises in Liaoning, Jilin and Heilongjiang Provinces. It will serve as an import-export center for the northeast. The company will seek overseas investment to import advanced equipment and technology and sponsor exhibitions and technical exchanges, a company official said. [Text] [OW171604 Beijing XINHUA in English 1444 GMT 17 Jul 84]

CSO: 4010/121

DOMESTIC TRADE

BRIEFS

SHANXI TRADE FAIR--The 7-day 1984 Shanxi Provincial Commodity Trade Fair ended on 12 June. The total sales volume reached 257.17 million yuan, accounting for 233 percent of the planned figure. [Summary] [Taiyuan SHANXI RIBAO in Chinese 13 Jun 84 p 1 SK]

CSO: 4006/684



FOREIGN TRADE AND INVESTMENT

PRC, JAPAN LAUNCH METALMAKING EQUIPMENT COMPANY

OW161433 Beijing XINHUA in English 1247 GMT 16 Jul 84

[Text] Beijing, 16 Jul (XINHUA)--An opening ceremony was held here today for a joint Sino-Japanese company specializing in fabrication equipment for nonferrous metals.

Zhuoxian-Kobe Steel Special Fabrication Equipment for Nonferrous Metals Co Ltd has been set up by the Zhuoxian Aluminium Fabrication Plant in China's Hebei Province and the Kobe Steel Ltd and the Shinsho Corporation of Japan.

The new company will employ advanced Japanese technology and management methods to design and manufacture equipment for nonferrous metals at the Zhuoxian plant.

This includes equipment for continuous casting, cold aluminium rolling mills and aluminium foil pressing mills.

The products will be sold in China and abroad. The Chinese side is contributing 75 percent of the investment and the Japanese 25 percent. The contract will run for 10 years.

The Zhuoxian Aluminium Fabrication Plant is a modern enterprise for aluminium processing set up by the China National Nonferrous Metals Industry Corporation (CNNMIC), the China International Trust and Investment Corporation (CITIC) and Hebei Province.

Most equipment at the plant was supplied from Japan, the United States, France and Italy. It produces aluminium and aluminium alloy plates, strips, foils and bars and other aluminium products, and sells them to the United States, West Europe, Japan and Hong Kong.

The new company has the backing of both CNNMIC and CITIC.

Rong Yiren, chairman of CITIC, and other officials attended the opening ceremony and banquet here today.

CSO: 4020/165

## FOREIGN TRADE AND INVESTMENT

### RECORD NUMBER OF FOREIGN EXHIBITS TO BE HELD

OW201246 Beijing XINHUA in English 1115 GMT 20 Jul 84

[Text] Beijing, 20 Jul (XINHUA)--Forty-nine economic, trade and technical exhibitions by firms in other countries as well as in Hong Kong and Macao will be held in China in the second half of this year. This will bring the total to 101 for the whole year, an official of the China Council for the Promotion of International Trade (CCPIT) said here today.

Fifty-two exhibitions including machinery, electronics, textiles, food and other packaging equipment were held in the January-June period. The total for the year will be an all-time high since the founding of the People's Republic in 1949, the CCPIT official said. Of the 49 exhibitions in the second half, more than 20 will be held in Chengdu, Chongqing, Kunming, Xian, Taiyuan, Wuhan, Changchun, Harbin, Hohhot and other hinterland cities. This represents an important change in the arrangements made by CCPIT, aiming at promoting technical exchanges and economic development in these areas.

Foreign exhibitions used to be held only in the major cities like Beijing, Shanghai, and Tianjin. More than half the exhibitions will be multinational ones, providing favorable conditions for promoting technological exchanges and developing economic and trade relations. Technical lectures will be given and symposiums held. Business people and technical personnel from all over the country are expected to attend.

Meanwhile, said the official, China would display its machinery, textiles, food, electronics and light industrial products at exhibitions and international fairs in about 40 countries in Asia, Africa, Europe and America this year. Last year, the CCPIT arranged more than 60 foreign and Hong Kong and Macao exhibitions in China and sent 28 abroad.

CSO: 4020/165

FOREIGN TRADE AND INVESTMENT

XINHUA ROUNDUP OF PROVINCIAL ECONOMIC NEWS

OW201757 Beijing XINHUA in English 1442 GMT 20 Jul 84

[Text] Beijing, 20 Jul (XINHUA)--Liaoning Province, northeast China, has signed a contract establishing a joint fishing venture in Mauritius. The deal was concluded by the Liaoning International Economic and Technical Cooperation Company and the Mauritius Hensin Fishing Co Ltd.

To be run jointly for 10 years, the venture aims for a 600-ton annual catch. The Liaoning company will provide boat motors and walkie-talkies as investment, while the Mauritian partner will supply boats and motor vehicles.

In the past few years, Liaoning Province has signed hundreds of economic and technical cooperation contracts with overseas firms.

A letter of intent on co-production has been signed by a peasant-run processing factory in Huoshan County, Anhui Province, and a Hong Kong firm. The Hong Kong company will provide processing, transport and packaging equipment worth half a million HK dollars to boost exports of native products.

Set up by eight peasant households in 1979, the processing factory will turn out 1.5 million yuan (about 650,000 U.S. dollars) this year, a 40 percent rise over 1983.

The Anhui branch of the China National Cereals, Oils and Foodstuffs Import and Export Corporation has signed an export contract worth 76,000 U.S. dollars with the Hong Kong firm. Export commodities include salted and preserved eggs, small green beans and garlic.

Inner Mongolia exported 10,000 tons of good-quality anthracite to Belgium between April and June this year.

It will send 35,000 tons of anthracite to Belgium this year. Low in ash, sulfur and phosphorus, the anthracite is produced by 24 small mines in the southwestern part of the region. Reserves there are verified at 500 million tons.

CSO: 4020/165

## FOREIGN TRADE AND INVESTMENT

### ZIGONG CITY OPENS ECONOMY TO OUTSIDE WORLD

HK251106 Chengdu Sichuan Provincial Service in Mandarin 0030 GMT 25 Jul 84

[Excerpts] On 21 July the Zigong City People's Government issued some policy stipulations on Zigong City's drive to open its economy to the outside world and to launch economic and technological cooperation to welcome all local units and units from other parts of the country, Hong Kong and Macao compatriots, Chinese nationals residing abroad, and foreign friends to come to Zigong City to open up mines, to set up factories, to run schools, to operate shops, or to conduct cooperation in all fields or on a single item.

The policy is composed of 12 preferential and flexible stipulations.

The main points are that all cooperation projects using funds raised independently by units concerned, which are turned into Zigong City's important development projects, are not subject to the limits of the targets of the city's overall investment. The enterprises jointly run by the Zigong City authorities and units from other parts of the country are allowed to return their investment capital with the profits they created before they hand in taxes to the state. The enterprises that have difficulties repaying investment capital are to be given tax reductions or tax exemptions within a certain period in accordance with the stipulations of the tax control system after their report is approved by the authorities concerned. Zigong City will give preferential treatment to the projects using foreign investment in accordance with the regulations for the implementation of the PRC law on joint ventures using Chinese and foreign investment.

CSO: 4006/688

## FOREIGN TRADE AND INVESTMENT

### BRIEFS

SINO-U.S. JOINT VENTURE CONTRACT--Tianjin, 16 Jul (XINHUA)--A contract for an elevator joint venture was signed here today between two Chinese companies and the Otis Elevator Company of the U.S. Under the 30-year contract, the China Tianjin Otis Elevator Company Limited will undertake elevator research, production, marketing, installation and maintenance. Products will be sold at home and abroad. The two Chinese partners are the Tianjin Elevator Company and the China International Trust and Investment Corporation. The Tianjin Elevator Company, with over 30 years of production, sells its products on the domestic market, in Hong Kong and Macao and about 20 countries including Singapore, Thailand, Syria and Egypt. Under the contract, the Tianjin Elevator Company will provide factory buildings, equipment, some funds and labor force, Otis will put in money and give technical help in developing new products and improving production and management, while the China International Trust and Investment Corporation will provide funds. The venture is expected to double the Tianjin company's present output of 600 machines within five years. The Tianjin and Otis elevator companies signed a contract setting up a sales joint venture in 1982. [Text] [OW161850 Beijing XINHUA in English 1605 GMT 16 Jul 84]

OVERSEAS CONSTRUCTION BUSINESS GROWS--Beijing, 13 Jul (XINHUA)--The China Construction Engineering Corporation signed 93 contracts with foreign countries involving 270 million U.S. dollars in the first six months of this year. This was more than the total for the whole of last year, official said today. They said the contracts included building irrigation works for Iraq, 850 apartments for the Yemen Arab Republic, 1,000 apartments for Egypt, a university for Jordan and a riverside garden for Hong Kong. The corporation has a work force of more than 1,400,000 people, including experts, designers, engineers and building workers. It has 13 offices in 11 foreign countries and Hong Kong and Macao to carry out business. [Text] [OW140059 Beijing XINHUA in English 0659 GMT 13 Jul 84]

DALIAN, HONG KONG JOINT VENTURE--Dalian, 26 Jul (XINHUA)--A contract establishing a shipping supply joint venture was signed here Wednesday between the Dalian Foreign Supply Corporation and the Hong Kong Ocean Supply Company. The joint venture, the Lianda Shipping Supply Co Ltd, will provide Chinese and foreign ocean-going ships with technical supplies needed on decks, holds and living cabins, including tools and metal materials, meters and instruments, electronic and electrical appliances, chemical paints and nylon ropes. It will also do maintenance and repairs. Dalian, one of China's large foreign trade ports, is capable of handling 35 million tons of cargo a year. [Text] [OW261242 Beijing XINHUA in English 1224 GMT 26 Jul 84]

JOINT VENTURE HOTEL--Beijing, 26 Jul (XINHUA)--A new joint venture hotel called Shangri-la is to be built in the western suburb of Beijing near the Zizhuyuan (Bamboo) Park as the Beijing Bamboo Hotel, and the Hong Kong Shangri-la International Hotel (Beijing) Ltd signed a contract here this morning. The hotel will have a 24-story main building and auxiliary buildings with 700 to 750 suites of rooms. It will accommodate tourists, especially the trade circles. The design, including big meeting halls for international symposiums, a swimming pool, restaurants and various other facilities, is done by designers from Japan and Jiangsu Province. The total investment will be 40 million U.S. dollars. The Bamboo Hotel now under construction is a joint enterprise run by the China National Metals and Minerals Import and Export Corporation and the Evergreen Commune. It is a seven-story building and will be expanded and upgraded with modern facilities to become the first stage of construction of the new hotel. The Hong Kong Shangri-la is a first class enterprise with hotels set up in six countries including the Philippines, Singapore, Thailand, and the Hong Kong region. [Text] [OW260822 Beijing XINHUA in English 0746 GMT 26 Jul 84]

SHANGHAI, HONG KONG COOPERATION ACCORDS--Shanghai, 31 Jul (XINHUA)--Cooperation agreements were signed today between two Shanghai concerns and Hong Kong's Wing On Investment Company (China) Ltd. Under one agreement, the Shanghai Commercial Development Corporation and Wing On will build two high-rise commercial buildings, with the former providing the land and the latter, funds. The Shanghai-Wing On center will have a total floor space of 100,000 square meters, including a hotel, offices, apartments, department store, club and parking lot. At the same time, the Shanghai No 10 department store signed an agreement with the Wing On company for revamping its operation facilities. It is expected that, after the renovation, the department store will acquire advanced world standards in terms of service facilities and management. [Text] [OW311944 Beijing XINHUA in English 1621 GMT 31 Jul 84]

HEILONGJIANG COMMODITIES IN HONG KONG--Hong Kong, 14 Jul (XINHUA)--A Heilongjiang provincial export commodities exhibition opened at the Hong Kong exhibition center today. On display are over 6,000 exhibits, including cereals and oils, native products, industrial products and minerals and more than 460 recently developed exports. Heilongjiang Province in China's northeast boasts rich natural resources and fairly developed industries such as timber, coal, petroleum and machine-building. It has established trade ties with over 100 countries and regions. Its exports to Hong Kong and Macao alone totalled nearly 90 million U.S. dollars last year. The exhibition, the first of its kind held by the province in Hong Kong, will run from July 14 to 29. [Text] [OW141412 Beijing XINHUA in English 1305 GMT 14 Jul 84]

HEILONGJIANG SEMIANNUAL EXPORT FIGURES--By the end of June, Heilongjiang Province had carried out more than 50 percent of its annual export commodity procurement and export targets. Procurement of export commodities exceeded 1.3 billion yuan, 309 percent more than in the corresponding period of 1983, and commodity export showed an increase of 38 percent over the corresponding period of 1983. [Excerpt] [SK011354 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 31 Jul 84]

## SPECIAL ECONOMIC ZONES

### SICHUAN OFFICIAL ON GUANGDONG OPEN-DOOR POLICY

HK100915 Guangzhou YANGCHENG WANBAO in Chinese 3 Jul 84 p 1

[Report: "A Person of Sichuan Press Circles Expresses His Views on Guangdong's Open-door Policy: Firm Policy Stems From Powerful Theories, and Elimination of Spiritual Pollution Does Not Mean Opposing Everything Foreign"]

[Text] How do comrades from other provinces view the achievements of our province in the implementation of the open-door policy and the establishment of special economic zones following the 3d Plenary Session of the 11th CPC Central Committee? Xu Chuan, member of the Sichuan Provincial CPC Committee Standing Committee, expressed representative views when he was interviewed by our reporters in Shenzhen a few days ago. He maintained: The present favorable situation in Guangdong should be attributed to the firmness of the party organizations of Guangdong Province in implementing the policy adopted since the 3d Plenary Session. Firm policy stems from powerful theories.

Xu Chuan has always been engaged in journalistic work. He is now director of Sichuan Provincial CPC Committee Propaganda Department and editor-in-chief of SICHUAN RIBAO. He told the reporters: I view Guangdong in the capacity of a journalist, and exchange views with comrades present as a person of the same occupation.

He added: In the past, he had heard some comments on Guangdong's implementation of the open-door policy, and knew the basic attitude of Guangdong CPC Committee toward the implementation of the open-door policy. What is commendable is that Guangdong Provincial CPC Committee has never been influenced by divergent views. It has unswervingly followed the basic spirit of the 3d Plenary Session of opening up to foreign countries, exerting efforts in practice, and making progress amid exploration. This has shown that the provincial CPC committee has a very good understanding of the policy, which is guided by theory. Guangdong Provincial CPC Committee has profoundly understood the fundamental theories of Marxism on which a series of guiding principles and policies adopted since the 3d Plenary Session are based. The courage, willpower, and contributions of the provincial CPC committee in this respect are more significant than introducing a particular amount of foreign capital, establishing many enterprises, building a great number of new houses, or earning huge quantities of foreign exchange.

Xu Chuan pointed out: After coming to Guangdong, what is uppermost in his mind is: How should Sichuan learn from Guangdong? Shenzhen is located in a coastal area, with Hong Kong beside it. Sichuan is located in the interior of the motherland. Different objective environments have determined that we should not mechanically copy particular methods adopted by Guangzhou or Shenzhen. However, the firmness of Guangdong in following the theory and policy of opening up to foreign countries is something worth seriously learning from. This is the fundamental thing which we should learn from Guangdong.

Xu Chuan hoped that Guangdong would further theoretically sum up its experience in implementing the open-door policy. He continued: Building socialism with Chinese characteristics is a great practice, and the open-door policy is an important component part of such practice. We should theoretically explain some problems so that we will further unify our understanding and enhance our consciousness. For example, we have introduced foreign capital, established joint ventures and enterprises wholly run by foreign businessmen, and so forth. Practice has proved that the establishment of such joint ventures and enterprises wholly run by foreign businessmen on our territory is an indispensable supplement to the socialist economy in our country. However, what type of economy do the economic factors of these joint ventures and enterprises wholly run by foreign businessmen belong to? Shenzhen's economy is guided by the state plan, and mainly based on regulation by the market. It still belongs to an organic part of the economy under state planning. Why? Are the connotations of planned economy restricted merely to annual plan, 5-year plan, financial allocation, and so forth? In accordance with market demand, Shenzhen has made use of bank loans to carry out a great number of construction projects. Should we still admit that it is an important aspect of the socialist planned economy? With regard to all these problems, further theoretical explanation is needed. He believed that only by theoretically clarifying these problems could we avoid vacillation and hesitation in implementing the open-door policy in the future.

When reporters asked him to comment on the fact that Guangdong's open-door policy had promoted not only material civilization, but also spiritual civilization, he said that he completely agreed with such a view. He explained with an example: Reforms will bring forth spiritual civilization. Attendants in Shenzhen's Xilihu vacation resort are polite and enthusiastic to Chinese and foreign guests. If they had not learned advanced management experience from foreign countries, and integrated quality of service with the economic results of enterprises and individual material interests, it would have been impossible for attendants to have enhanced their spiritual civilization to the present level.

Xu Chuan said again: he absolutely agreed with Guangdong Provincial CPC Committee's guiding principle that elimination of spiritual pollution does not mean opposing everything foreign, and that blocking should be integrated with guidance. This guiding principle has demonstrated dialectics. Since we are implementing an open-door policy, we cannot avoid bringing in some negative stuff. The key lies in the fact that elimination of spiritual pollution does not mean opposing everything foreign. In the meantime, we should



not give up eating for fear of choking. To deal with the negative influence of capitalism from foreign countries, the method of "blocking" alone does not work. The more important work for us to do is to provide "guidance." While strengthening the building of all-people socialist spiritual civilization, we should do well in the building of the "two civilizations." The experience of Shenzhen Special Economic Zone in this respect is precious.

CSO: 4006/684

## SPECIAL ECONOMIC ZONES

### RENMIN RIBAO ON DEVELOPMENT OF XIAMEN ZONE

HK020429 Beijing RENMIN RIBAO in Chinese 25 Jun 84 p 2

[Article by RENMIN RIBAO reporter Zhang Annan [1728 1344 0589] and XINHUA reporters Xu Yiming [0679 0001 7686] and Shi Zhengyao [2457 1513 1031]: "Xiamen Is Taking Off"]

[Text] The Xiamen Special Economic Zone has very favorable natural conditions and a relatively solid economic and cultural foundation.

Xiamen has a fine natural ice-free harbor which is wide and deep. Ten thousand-ton ships can enter or leave it without being affected by the ebb and flow of the tide. As an important port on the southeastern coast of China, Xiamen has established trading ties with more than 80 countries and regions of the world. Xiamen is a well-known hometown of Overseas Chinese, and Overseas Chinese frequently visit it. Xiamen has six institutions of tertiary education, 15 secondary technical schools, and a number of scientific institutes. Xiamen has also set up a "garden of the sea" and it is richly endowed for the development of tourism.

In the past 3 years, the Xiamen Special Economic Zone has already built certain foundations. An industrial district is being developed on the northwestern part of Xiamen Island, covering an area of 2.5 square kilometers. The first phase of the construction work of "five buildings and one levelling" [building roads, water supply facilities, electric power installations, sewage system and telecommunications system and levelling land for construction] which covers an area of 1.1 square kilometers basically has been completed. By the end of June, the area under construction will reach 460,000 square kilometers. Construction work on the Xiamen international airport and the four deep-water berths of the Dongdu pier have basically been completed and put into use. Great efforts have been made to complete basic installations and facilities for telecommunications, water supply, and power supply.

The Xiamen Special Economic Zone has formed a joint development company with the Bank of China and five other banks in Hong Kong and Macao in order to use the strength of the financial circles to develop new fields of importing. At the same time it has strengthened its "ties with the heartland." It has integrated the favorable conditions of the special economic zone with the resources, technology, equipment, qualified personnel, and information of various

central departments, provinces, municipalities, and autonomous regions, thus increasing its ability to "import."

Xiamen has many favorable conditions. However, what is more important is that leading comrades of Xiamen City are aware of where they lag behind in the work of the special economic zone. In March this year they visited the Zhuhai and Shenzhen Special Economic Zones in Guangdong in order to learn from them. There they broadened their field of vision and felt keenly that they lagged far behind Guangdong in terms of emancipating their minds, structural reform, importing capital, Overseas Chinese affairs, and so on. This April the masses of people in Xiamen wrote letters criticizing the fact that the speed of construction of the special economic zone is not fast enough. The masses said: "SPECIAL" means being daring to emancipate the mind, to go beyond the existing systems, to blaze new trails, and to face danger. These are precisely what some leading cadres lack. They lack the fearless spirit of a pathbreaker, they seldom put forth new ideas, and they do not make enough efforts to carry out reform. A responsible comrade of the city CPC Committee said: "We are behind others. We must sum up our experiences and lessons in order to catch up with them. We must bestir ourselves and act according to the instructions given by Comrade Deng Xiaoping and other central leading comrades."

In the office building of the city CPC committee and the city government, people are working day and night to draft implementation plans and economic rules and regulations to be used when the special economic zone is extended to the entire island. In Xiamen University and in other research institutes, specialists are discussing various problems which will appear after the expansion of the special economic zone and they have put forth many suggestions....

The development of the special economic zone has also evoked strong reactions among Overseas Chinese, compatriots in Hong Kong and Macao, and foreign businessmen. Many foreign businessmen and Overseas Chinese businessmen have a strong interest in the Xiamen Special Economic Zone. Some financial groups in the United States, Britain, France, and Japan have sent representatives to Xiamen to find ways for cooperation. Passenger air flights between Xiamen and Guangzhou and between Xiamen and Beijing are always full and there is no end of visitors to various departments which are engaged in economic activities with foreign countries. Of the foreign businessmen who visit Xiamen, most are from major financial groups. They usually negotiate major projects involving high technology and succeed in signing contracts in the end. Within a short period of 1 month, the Xiamen Special Economic Zone Construction and Development Company alone has met with 150 businessmen and signed 5 contracts and 19 agreements. The Xiamen City Tourist Bureau has also signed 10 projects with foreign businessmen, involving a total investment amounting to \$120 million, and all these projects will start their construction work this year. Financial circles have paid even greater attention to Xiamen. The U.S. Chientung [Oriental Construction 1696 2639] Bank and the Hong Kong Chiyu Bank will soon set up representative offices in Xiamen. Britain's Chartered Bank has requested setting a branch bank in Xiamen. The U.S. Chiali [0857 0448] Bank is about to grant a loan of more than \$30 million to the Hong Kong Haiyu [3189 5940] Group for the latter's investment in Xiamen.

Design institutes and research institutes of Shanghai, Guangxi, Wuhan, and Liaoning have also sent engineers to Xiamen to take up planning, design, and research work on a contract basis. In less than half a month some 643 scientific and technical personnel throughout the country have sent letters to Xiamen requesting to join the construction of the special economic zone. The Electronics Industry Ministry, the Civil Aviation Administration of China, the People's Bank of China, and some departments and organizations in Sichuan, Guizhou, and Zhejiang have signed agreements with Xiamen on co-operation in running factories and enterprises, providing Xiamen with funds, technology, and qualified personnel.

In order to strengthen leadership over the special economic zone, the provincial CPC committee and the provincial government are working vigorously and speedily. Provincial Governor Hu Ping, Provincial CPC Committee Secretary Ma Xingyuan, and other comrades have set up on-the-spot offices in Xiamen and fulfill their public duties there. Seventy departments at the provincial level have sent telegrams to the provincial CPC committee, expressing their determination to overcome bureaucracy and to give support to Xiamen so that it may "handle affairs of the special economic zone in a special way and handle new things in a new way." The provincial Foreign Economic Relations and Trade Committee and the Provincial Planning Committee spent only 4 days on examining and approving, as well as helping complete procedures which had been overlooked, concerning projects submitted by the Xiamen No 2 Electronics Instrument Factory and the Xiamen Paper Mill. The city government has decided that the first batch of products of 15 enterprises can be exported directly without asking for instructions for, or making reports on, everything. Systems such as inviting tenders for capital construction work, floating wages, and openly advertising for cadres have been implemented in some units on a trial basis. The situation is very good and can be regarded as the best since the Xiamen Special Economic Zone was established.

After all, the Xiamen Special Economic Zone is different from the Shenzhen and Zhuhai Special Economic Zones. It has an old urban area with a population of 270,000 people and 588 old enterprises. The transformation task is rather difficult. Despite various difficulties before them, the broad masses of cadres and people in Xiamen, under the guidance of policies for special economic zones formulated by the party Central Committee, are working hard to overcome the difficulties in order to make our country strong. They will certainly open up a new situation in their endeavor.

The Xiamen Special Economic Zone has very bright prospects!

CSO: 4006/684

## SPECIAL ECONOMIC ZONES

### BRIEFS

SHANTOU FOREIGN CAPITAL IMPORTS--The Shantou Special Economic Zone has made full use of its superiority as a hometown of Overseas Chinese and has actively imported Overseas Chinese and Hong Kong investment. Most of the over 100 projects undertaken since 1983 have been invested in by Overseas Chinese and Hong Kong businessmen who are natives of Chaozhou. Of the agreements officially signed concerning more than 30 projects, 25 have been invested in by Overseas Chinese and Hong Kong businessmen. So far, projects carried out according to the agreements include seven factories; 15 projects for aquatic breeding, agriculture, guesthouses, the commercial center, the port, and so on; and the transformation of four old enterprises. [Text] [HK090315 Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 23 Jun 84]

SHENZHEN FOREIGN TRADE--The foreign trade departments and affiliated organizations in Shenzhen Special Zone in Guangdong Province have gradually increased their profits year by year. They made profits of some 6.6 million yuan last year and made profits of some 13 million yuan in the first half of this year. Six independent accounting units in the zone have now incurred no losses. The foreign trade departments and affiliated organizations began implementing the contract responsibility system in 1982. In 1982, they reduced deficits, increased surpluses and made profits of some 970,000 yuan. [Summary] [Guangzhou Guangdong Provincial Service in Mandarin 0400 GMT 14 Jul 84 HK]

CSO: 4006/683

## CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

### JINGJI RIBAO ON U.S., JAPAN AS CREDITOR NATIONS

HK280726 Beijing JINGJI RIBAO in Chinese 21 Jul 84 p 4

[International Economic Commentary: "A Noticeable Trend in the Western Economy--The U.S. and Japanese Role as Creditor Nations Is Changing"]

[Text] A prominent feature in the Japanese economy at present is that Japan's net overseas assets (its overseas assets minus overseas liabilities) has rapidly increased year by year. According to estimates, its net overseas assets were U.S.\$11.5 billion at the end of 1980, equivalent to one-tenth the amount of U.S. net overseas assets. But this figure rapidly increased to \$37.2 billion by the end of 1983, equivalent to one-quarter of the U.S. net overseas assets, exceeding that of the Federal Republic of Germany and making Japan become the world's second largest creditor nation after the United States.

In recent years Japan has maintained a favorable balance in foreign trade, hitting \$31.45 billion in 1983. Due to a stagnant domestic consumption demand and a low increase in equipment investment, the excess capital has to seek a way abroad.

At present, about \$2.6 billion of funds flow out from Japan to other countries monthly, with a total of \$30 billion annually. And some \$10 billion in funds come into Japan from other countries annually. The net out flow of funds come to some \$20 billion. This fact shows that Japan has become a purely capital-exporting country.

The position of the Japanese yen has been greatly strengthened on international financial markets as a result of the increase in its economic power, the increase in its net overseas assets, and the outflow of a large amount of its funds. About \$30 billion worth of Japanese yen are now circulating in the European financial markets. The percentage accounted for by Japanese yen reserves in the foreign exchange reserves of various countries is only 3.9 percent, less than that of the U.S. dollar and the Deutschmark (71.4 percent and 11.6 percent respectively), but it is higher than that of Swiss franc, pound sterling, and the French franc (2.7, 2.2, and 1.1 percent respectively). Along with the internationalization of the Japanese yen, the percentage accounted for by Japanese yen reserves in the foreign exchange reserves of all

countries in the world is likely to surpass that of the Deutschmark and become the second highest.

Meanwhile, the American role as the economic hegemonist of the Western World is being shaken with each passing day. The percentage accounted for by the United States in the world's total GNP dropped from 33.7 percent in 1960 to 22 percent in 1980. According to general estimates, the percentage may further drop to 20 percent by 2000. That is to say, in the 40 years from the early 1960's to the end of the century, the proportion accounted for by the United States in the world's total GNP will fall from one-third to one-fifth. Although the U.S. economy still plays an important role in the entire Western World, its position as the hegemonists is being shaken with each passing day. This is an irresistible trend. The shift from being a creditor nation to a debtor nation partly reflects this trend.

Among all Western countries, the United States now is experiencing the best economic recovery. However, there are some insidious factors which are harmful to the U.S. economic recovery and which may turn the United States into a debtor nation from a creditor nation. Among these factors, the major ones are the "three highs," namely, the higher financial deficits, high exchange rate, and high interest rates.

Under the situation in which the two superpowers, the United States and the Soviet Union, are fiercely contending for global military hegemony, the United States has increased its huge military budget instead of reducing it, thus putting itself in a more difficult position in escaping the predicament of high deficits.

In some aspects high exchange rates are beneficial to the U.S. economy, but the disadvantages are more remarkable, a major reflection being the yearly increase in the adverse balance of payments in international trade. Its adverse balance sharply increased to \$69.4 billion in 1983. In the first 4 months of this year the U.S. adverse balance was \$42 billion, and the figure is expected to exceed \$120 billion for the whole year, which is almost equivalent to the net U.S. overseas assets at the end of 1983. In a certain sense, this means that in order to import foreign goods, the United States will have to use all its overseas investment accumulated for years.

High interest rates have not only increased the financial burden of the developing countries (by the end of June, the prime interest rate of most U.S. banks increased to 13 percent), but have also resulted in the inflow of a vast amount of foreign funds to the United States and an increase in U.S. liabilities.

In the first quarter of this year capital exports to the United States by non-financial sectors in Japan and Western Europe, centered on industry, exceeded by \$21.8 billion the capital exports by U.S. nonfinancial sectors, centered on enterprises, to other countries. This was a new situation appearing for the first time since the war. This is because on the one hand, the amount of funds borrowed by unofficial enterprises in Japan and Western Europe from the United States has sharply declined. On the other hand, they have greatly increased

their investments in U.S. securities through such channels as buying government bonds, long-term government debentures, and commercial instruments. In 1983, the total saving deposits of foreign banks in American banks exceeded by \$21 billion that of American banks in foreign banks. Since this May the saving deposits of foreign banks in American banks have increased by about \$400 million weekly.

So long as high U.S. interest rates remain, the U.S. dollars which flowed out to foreign countries will partly return to the United States in such ways as investments in securities and bank deposits. Hence an endless circle of increases in U.S. liabilities. This endless circle of the outflow and influx of the U.S. dollars will inevitably result in a spiralling increase in U.S. liabilities. If this situation continues, the United States sometime in the future will become a pure debtor nation. Even senior officials of the U.S. Department of Commerce and the Federal Reserve Board are now worried about the future. Thus, is it possible for the United States to largely reduce its interest rates? It is very difficult. And it will be much more difficult in the future when the United States becomes a pure debtor nation. This is because increasing the circulation volume of current money and reducing interest rates may once again result in inflation, and the withdrawal of foreign capital from the United States due to the drop in interest rates will likely create confusion in the U.S. financial markets.

It is still too early to make a complete and accurate assessment of the above problems. But the developmental trend that Japan has become the second largest creditor nation and that the United States is likely to become a debtor nation from a creditor nation after all is a problem which should merit our attention.

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## CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

### RENMIN RIBAO ON ENTERPRISE AUTONOMY IN HUNGARY

HK180731 Beijing RENMIN RIBAO in Chinese 11 Jul 84 p 7

[Article by Tang Xiuzhe [0781 0208 0772]: "Let the Enterprises Move Freely Within the Limits of a Plan"]

[Text] The Hungarian Socialist Workers' Party Central Committee convened a plenary session in April this year to adopt a series of decisions to further improve the economic management system. We visited Hungary on invitation, just in the nick of time, to learn the guidelines laid down and the reforming measures taken by this plenary session.

When meeting with us, Ke Wa Qi La Si Luo [4430 3907 1142 2139 2448 3157], head of the international department of the Hungarian Ministry of Industry, who had visited China three times before, talked to us glowingly about the current process of expanding the decisionmaking power of enterprises in Hungary. In a vivid way he said: "In the past, the state controlled enterprises as if tying enterprises to the center of a circle with a rope. Now, the state has done away with this rope and allows enterprises to move freely within the limits of a plan." He further explained: "Nowadays, enterprises enjoy decisionmaking power. The state no longer controls enterprises by issuing administrative instructions but balances the relationship between the state plan and enterprises' productive activities by such economic means as adjustment of prices, taxation, and so on."

Hungary has been engaged for 16 years in structural reform in which the economy is managed by economic means. The Hungarian Socialist Workers' Party Central Committee plenary session held in April this year took a new step toward the expansion of enterprises' decisionmaking power. One of the important measures adopted was to set up councils in enterprises.

We drove to the Tatabanya coal mine to the northwest of Budapest in late May. This is an old mining area which has produced 170 million tons of coal in the past 90 years. This coal mine took the lead in starting a pilot project by setting up a managerial committee (an embryonic form of enterprise council).

Gu Er Qia Er An Da La Shi [0657 1422 1874 1422 1344 1795 2139 0087], manager of the mine, told us that the managerial committee consisted of 18 members: the manager, two deputy managers, two worker representatives, three officers

in charge of production, investment, and labor force respectively, the directors of the seven plants subordinate to the coal mine, and, in addition, three representatives from the party, the youth league, and the trade union respectively, who had no right to vote.

The managerial committee has the following functions and powers: to draw up short-, medium-, and long-term production plans, to conduct studies of the organizational structure, to review the financial and operational condition of the mine, and to make decisions on such important issues as salary increases, labor force assignment, and scientific research. Gu Er Qia Er said: "All the members of the managerial committee have demonstrated a high level of initiative. Everybody has contributed his wisdom and has made many valuable suggestions on production and management."

We asked him whether the management committee had deprived him of part of his functions and powers. The energetic manager smiled and answered: "Oh no. Just the contrary, I feel that I am now enjoying a higher degree of decision-making power and entrusted with heavier duties." He said: "It is great to delegate a higher degree of decisionmaking power to the enterprise. The crux is that the enterprise must exercise its power properly. As its decisionmaking power has been expanded, the coal mine's annual output has been raised by 15-16 percent."

In the past, managers of all state-owned enterprises in Hungary were appointed by the central authorities. The April plenary session adopted a measure providing that the managers and leading people of medium- and small-sized enterprises were to be elected and removed by workers from next year on, but the leading people of such large enterprises as railways, postal and telecommunications services, mines, power stations, and the war industry, which had an important bearing on the national economic lifelines, would continue to be appointed by higher level. After the reform, the state will retain ownership of the enterprises and the government will keep the right to supervise the operation of the enterprises.

Another important measure adopted by the April plenary session is the enlargement of differences in salary, aimed at overcoming egalitarianism in distribution.

Ke Wa Qi pointed out clearly: "If a man's work is five times better than another's, the former's remuneration should be five times higher than the latter's." He held that such a practice had two advantages: for one thing, the new method can mend the gap between the output of work and the amount of salary stipulated by the current remuneration system in Hungary and can help to enhance the staff and workers' initiative; for the other, the new method can give an impetus to the enterprises in their efforts to improve management, raise profits, and enhance their products' competitive power in the international market.

During our trip to Hungary, we visited the Hungarian silk fabric industry enterprise, the Yi Ka Lu Si [0122 0595 7627 2448] automobile factory, the Wei Di Tong [4850 6611 6639] television factory, and Tataanya coal mine. All

these enterprises have decisionmaking power regarding foreign trade. In order to strengthen their competitive power, they are required to be familiar with demand on the international market. For this reason they attach great importance to the collection of economic information at home and abroad.

Despite its status as the only silk fabric enterprise in Hungary, the Hungarian silk fabric integrated enterprise still has to compete with foreign manufacturers in the domestic market. The enterprise subscribes to a great number of newspapers and magazines so as to keep abreast of new fashion trends in Paris--the world's fashion center, and to make use of the up-to-date information for reference in improving its own products. When talking about export prices, Kai Lei Ni [0418 7191 1441], deputy manager of the enterprise, said: "Export prices, which are subject to fluctuation in the international market, are fixed through consultation between us and foreign importing countries. We are obliged to raise prices in accordance with changes in the international market. It seems that prices are floating freely. But in fact, prices are also strongly affected by the enterprise's management efficiency. Only those enterprises which have a reasonable product structure and produce high-quality commodities with competitive power will make profits."

Hungarian comrades did not deny that they had encountered difficulties and problems in the reform of the economic structure. Just as Ferenc Havasi, member and secretary of the Politburo of the Hungarian Socialist Workers' Party, pointed out in an article published recently: "We do not think that the modernization of the economic management system can instantly solve all the problems and complete all the tasks," it is not "a magic wand which can create miracles" but "an essential measure" to "raise the standard of economic performance of an enterprise and thus, in the end, enhance the production efficiency of the national economy as a whole."

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